

**CONTRACTUAL TERMS  
WISCONSIN GROUP INSURANCE BOARD  
CORE, INC.  
ADMINISTRATIVE SERVICES ONLY CONTRACT  
AND PLANS FOR INCOME CONTINUATION INSURANCE (ICI) AND  
LONG-TERM DISABILITY INSURANCE (LTDI)**

**50.100 Contract**

50.110 Execution of CONTRACT. This CONTRACT shall become executed when this document is approved by the State of Wisconsin Group Insurance Board (BOARD) and signed by authorized representatives for each party hereto. By their signature, each represents that they have proper and legal authority to sign and bind their principal and that each party has all required legal right and power to perform all acts called for by this CONTRACT in the State of Wisconsin and elsewhere.

The parties to this contract agree to its provisions and administration of the plans recited in attachments A, B, C, D and E according to the terms of the CONTRACT in section 50.210.

50.120 Documents Constituting CONTRACT. The CONTRACT between the parties, in addition to the CONTRACT and any amendments, as well as the Proposal and any amendments, all of which are incorporated in the CONTRACT by reference.

50.130 Order of Precedence. In the event of any conflict, ambiguity or inconsistency among these documents, the following order of precedence shall be applied to resolve the conflict:

- a. The CONTRACT document, including the Plans and any amendments thereto;
- b. The CONTRACTOR's Proposal submitted in response to the RFP.
- c. The RFP, including any amendments.

A higher order document shall supersede a lower order document to the extent necessary to resolve any inconsistencies between them, but silence on any matter in a higher order document shall not negate or modify the provisions of a lower order document as to that matter.

**50.140 Definitions**

50.141 ADMINISTRATIVE CHARGE means the amount the CONTRACTOR shall be authorized to receive as payment for rendering said administrative services. The ADMINISTRATIVE CHARGE shall be determined according to the schedule provided in Section 50.920 of this CONTRACT.

50.142 BOARD means the State of Wisconsin Group Insurance Board.

50.143 CONTRACT means this Group Administrative Services CONTRACT between the BOARD and the CONTRACTOR.

50.144 Group Insurance Board has successfully negotiated a contract under the RFP.

50.145 COST means cost to provide services as contained in the CONTRACT in addition to ad hoc cost associated with section 50.500-50.540 such as IT development cost, copying costs, physical file transfer cost and the like directly related to the proper turnover and not delineated elsewhere in the CONTRACT.

50.146 DAYS mean calendar days, unless otherwise specified.

50.147 DEPARTMENT means the State of Wisconsin Department of Employee Trust Funds.

50.200 Term of CONTRACT

50.210 Initial Contract Period. This CONTRACT shall become effective as provided for in Section 50.110. The operational obligations agreed to herein shall commence January 1, 2004, and shall extend through December 31, 2006 unless extended or terminated in accordance with applicable CONTRACT provisions.

50.220 Extensions. Any CONTRACT to extend the CONTRACT must be set forth in writing by the parties at least six (6) months prior to the end of the initial CONTRACT period and shall be contingent upon approval by the BOARD in order to be effective.

50.300 Modification

50.310 Amendments. The CONTRACT, including any amendments constitutes the entire CONTRACT. The CONTRACT may be amended at any time by mutual agreement, but any such amendment shall be without prejudice to any claim arising prior to the date of the change. No one, except duly authorized officers of the CONTRACTOR and the BOARD, shall alter or amend this CONTRACT. No change in this CONTRACT shall be valid unless evidenced by an amendment that is signed by such officers of the CONTRACTOR and the BOARD.

50.320 Subcontracting. None of the services to be provided by the CONTRACTOR shall be subcontracted or delegated to any other organization, subdivision, association, individual, corporation, partnership or group of individuals, or other such entity without prior written notification to the DEPARTMENT.

50.330 Existing Guidelines. Any reference to State or Federal statutes or the rules or regulations promulgated thereunder shall be deemed to be referring to such statutes, rules or regulations as they exist on the effective date of this contract.

50.331 Waivers. No covenant, condition, duty, obligation, or undertaking contained in or made a part of the CONTRACT shall be waived except by the written agreement of the parties and approval of the BOARD. Forbearance or indulgence in any form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed, or discharged by the party to which the same may apply.

Notwithstanding any such forbearance or indulgence, until complete performance or satisfaction of all such covenants, conditions, duties, obligations and undertakings, the other party shall have the right to invoke any remedy available under the CONTRACT, or under law or equity.

#### 50.400 Rights to Information and Data

50.410 Ownership of Information and Data. The DEPARTMENT shall have unlimited rights to use, disclose or duplicate, for any purpose whatsoever, all information and data developed, derived, documented, installed or improved or furnished by the CONTRACTOR under this CONTRACT.

All files (paper or electronic) containing any Wisconsin claimant or employee information are the sole and exclusive property of the DEPARTMENT.

50.420 Right to Publish. Throughout the term of the CONTRACT, the CONTRACTOR must secure the DEPARTMENT's written approval prior to the release of any information which pertains to work or activities covered by this CONTRACT.

#### 50.500 Termination of CONTRACT

50.510 Termination of the CONTRACT. This CONTRACT between the parties may be terminated only as follows:

- (a) Except for terminations for cause, or for non-payment of Invoices, after the end of Initial Term Date in this CONTRACT, either Party may terminate this CONTRACT upon a written notice, which must be sent to the other Party at least one hundred eighty (180) days prior to the end of the then applicable term of the CONTRACT.
- (b) For Cause. Except as set forth in (a) above, each Party hereto shall have the right to terminate this CONTRACT in the event the other Party has materially breached this CONTRACT; provided, (i) the terminating Party provides at least thirty (30) days written notice to the other Party setting forth the facts and circumstances constituting the breach, and (ii) the Party alleged to be in default does not cure such a default, or develop a plan to cure said default, agreed to by the DEPARTMENT, as set forth in (c) below, within ninety (90) days following the receipt of the written notice of termination.
- (c) Right to Cure Breach. The Party alleged to be in breach of the CONTRACT shall have thirty (30) days from receipt of the written notice to cure the default specified in the notice. If the default specified in the notice cannot be reasonably cured within ninety (90) days of receipt of the notice, the Party alleged to be in breach of the CONTRACT, within that ninety (90) day period, shall have the right to (a) present to the Department a plan to cure the default, for the DEPARTMENT's approval, which approval shall not be unreasonably withheld; and thereafter (b) commence curing the default; and (c) diligently prosecute the cure of the default to completion. If the breach specified in the notice is timely cured or a cure of the breach is commenced, with approval of the DEPARTMENT, and diligently pursued, as provided herein the notice shall be deemed rescinded and the CONTRACT shall continue in full force and effect. Notwithstanding the foregoing, if this breach is not cured to the satisfaction of the terminating Party within one hundred and eighty (180) days of the date the other Party received the notice, the terminating Party may terminate the CONTRACT on account of such breach effective upon the date of a new written notice of termination.

- (d) Termination for non-performance shall not operate or be construed as a waiver of any right the BOARD might have in the absence of such termination, to allege and prove any default which occurred prior to the date of such termination, and to recover damages attributable to such default.
- (e) Termination for cause by the BOARD under such circumstances shall, in addition to any other rights the BOARD may have, impose an obligation upon CONTRACTOR to reimburse the BOARD's reasonable termination costs and fulfill its termination-related obligations including but not limited to, delivery of documentation and related items.
- (f) Additional BOARD Termination Rights. The BOARD may terminate the CONTRACT if:
  - 1) A petition of bankruptcy or insolvency is filed by or against the CONTRACTOR.
  - 2) Funds to pay CONTRACTOR, for reasons beyond the reasonable control of the BOARD, become unavailable.
  - 3) Whenever Federal or State law or regulation shall render continued performance of the CONTRACT impossible or inappropriate, or the BOARD determines, that termination would be in the best interest of the BOARD, the BOARD may terminate the CONTRACT by delivering at least one hundred eighty (180) day advance written notice of termination to the CONTRACTOR, specifying the date upon which such termination shall become effective. Upon receipt of such notice, the CONTRACTOR shall exercise its best efforts to accomplish the cancellation. The CONTRACTOR shall be entitled to charge, and the BOARD shall pay all of the CONTRACTOR's actual costs associated with such termination for the "best interests of the BOARD", but the CONTRACTOR has the obligation to mitigate costs.
  - 4) If required by a change in Federal or State law or by court order, to the extent required by such changes or court order. Termination by the BOARD under these circumstances shall impose an obligation upon the BOARD to pay CONTRACTOR's actual termination costs.
- (g) Additional Grounds For Termination.
  - 1) Unless renewed by the parties hereto, this CONTRACT shall terminate upon the Expiration Date.
  - 2) By either party, in the event funding of claims payments or contractual services rendered by CONTRACTOR become permanently unavailable. In the event it becomes evident BOARD funding of claims payments or contractual services rendered by CONTRACTOR will be temporarily suspended or unavailable, the BOARD shall immediately notify CONTRACTOR in writing identifying the basis for the anticipated unavailability or suspension of funding. Upon such notice, the BOARD or CONTRACTOR may suspend performance of any or all of CONTRACTOR's obligations under this CONTRACT if the suspension or unavailability of

funding will preclude reimbursement for performance of those obligations. In the event funding temporarily suspended or unavailable is reinstated, CONTRACTOR may remove suspension hereunder by written notice to the BOARD. In the event CONTRACTOR elects not to reinstate services, CONTRACTOR shall give the Board written notice of its reasons for such decision. CONTRACTOR shall make such decision in good faith. In the event of termination under this section, this CONTRACT shall terminate without termination costs to either party.

- (h) The expression or exercise of specific BOARD or CONTRACTOR rights within this CONTRACT, with respect to CONTRACT termination, does not in any way limit, or constitute a release or waiver by the BOARD or CONTRACTOR, as the case may be, of other rights or causes of action that it may have against the other or its agents.

50.520 Payments Following Termination. Not more than forty-five (45) days after termination of this CONTRACT, the CONTRACTOR shall furnish to the DEPARTMENT a statement setting forth the total amount of payments in the format determined by the DEPARTMENT. Within ten (10) days thereafter, BOARD shall pay and CONTRACTOR shall be entitled to receive any accrued but unpaid actual costs payable for services rendered by CONTRACTOR through the date of termination of this CONTRACT. The BOARD's payment in full of such undisputed amounts shall be a condition precedent to the CONTRACTOR's continuing turnover and termination services to BOARD and the DEPARTMENT as set forth herein.

50.530 Turnover Requirements. This Section outlines the requirements placed upon the CONTRACTOR pertaining to the turnover of all information, documentation, and any plan-related information pertaining to the State of Wisconsin's Income Continuation Insurance and Long Term Disability Insurance Plans upon termination or at the end of the CONTRACT period. The provisions of this Section also apply to any termination during the Operation Phase of the CONTRACT. Turnover assistance to a successor CONTRACTOR or the BOARD is required. The BOARD will require a turnover, which will not disrupt the flow of services to employers, claimants, and operational users.

Specific objectives are to:

- Provide for an orderly and controlled transition to a successor CONTRACTOR or the BOARD; and
- Minimize any disruption of processing and services provided to recipients, employers, and operational users of the system.

50.531 DEPARTMENT Responsibilities. The DEPARTMENT will oversee turnover project management by assigning a plan project manager responsible for coordinating turnover activities, and approving the turnover deliverables. Status meetings will be held between representatives of the DEPARTMENT, the CONTRACTOR, and the successor Contractor, if applicable. The DEPARTMENT shall further:

- (a) Request that turnover service be initiated by the CONTRACTOR.
- (b) Make Department staff or successor contractor staff available to be trained in operation of the procedures and system

- (c) Coordinate transfer of DEPARTMENT system software and files.
- (d) Coordinate the termination or assumption of leases of DEPARTMENT system hardware and software.
- (e) Review and approve a turnover results report that documents completion of each step of the turnover plan.
- (f) Obtain post-turnover support from the CONTRACTOR at no extra charge for ninety (90) days following CONTRACT termination.

50.532 Organization and Staffing. The CONTRACTOR will:

- Provide all required staff during the turnover tasks; and
- Not restrict experienced operations staff from becoming employees of the successor CONTRACTOR in order to enhance the continuity of the operations for the State of Wisconsin's Income Continuation Insurance and Long-Term Disability Insurance Plans; however, the CONTRACTOR may restrict such staff from becoming employees of the successor CONTRACTOR to the extent necessary to fulfill its obligations under this CONTRACT.

50.533 CONTRACTOR Turnover Requirements.

- The CONTRACTOR shall provide the DEPARTMENT access to its equipment and provide training in the operation of any aspect of the system and equipment, as may be requested by the DEPARTMENT, to such persons as the DEPARTMENT may designate until such time as the DEPARTMENT is able to obtain the necessary, equivalent services, without a break in services, from its own resources or from another Contractor.
- The CONTRACTOR shall provide the DEPARTMENT with such other related technical advice and assistance as the DEPARTMENT may reasonably request.
- The CONTRACTOR shall transfer physical possession to the DEPARTMENT, or its designee, copies in a format approved by the DEPARTMENT of the most current and complete version of all supporting documentation and all Wisconsin claimant or employee files.
- The CONTRACTOR shall be entitled to charge and the BOARD pay the CONTRACTOR's actual costs attributable to fulfilling turnover tasks as described in this CONTRACT.

50.534 Access By Future Contractor. Before the expiration of this CONTRACT, the DEPARTMENT may issue an RFP or other appropriate document to solicit services thereafter. In the event a different Contractor is chosen, the current CONTRACTOR will cooperate fully with the DEPARTMENT to ensure a smooth transition to the new Contractor.

#### 50.535 Updated Turnover Plan on Termination

In the event the CONTRACTOR terminates the CONTRACT, an updated Turnover Plan (including schedule for turning over all ICI and LTDI procedures, all related documentation, and files) must accompany the notice of termination. In the event the BOARD terminates the CONTRACT, an updated Turnover Plan shall be sent to the DEPARTMENT within thirty (30) days of the written notice to the CONTRACTOR.

#### Training

The CONTRACTOR is required to provide turnover training for the DEPARTMENT's staff in the use, operation, and maintenance of any ICI and LTDI software, policies, and procedures. The turnover assistance furnished by the CONTRACTOR must include development of a training plan.

#### Management and Control

The CONTRACTOR's responsibilities at the time of turnover will include management and control of its turnover assistance and full cooperation with the other party or parties to the turnover.

50.540 Rights Upon Termination. In the event this CONTRACT is terminated, other than at the end of the CONTRACT, CONTRACTOR shall be entitled to and the BOARD shall pay, in addition to undisputed amounts owing for services rendered prior to the date of the termination, CONTRACTOR's actual and allowable termination costs. The CONTRACTOR, upon the DEPARTMENT'S written request will:

- Promptly supply all information in its possession or which can be obtained that is Necessary for the processing of any outstanding claims; and
- Provide at CONTRACTOR's then prevailing rates, such training as the DEPARTMENT may reasonably require to permit continuity in administration of the Income Continuation Insurance and Long-Term Disability Insurance Plans as referenced in attachments A, B and C.

#### 50.600 CONTRACT Provisions

50.610 Program Policy Determinations. The DEPARTMENT shall determine all program policy. In the event that the CONTRACTOR requests, in writing, that the DEPARTMENT issue program policy determinations or operation guidelines required for proper performance of the CONTRACT, the DEPARTMENT shall acknowledge receipt of the request in writing and respond to the request within a mutually agreed-upon timeframe.

50.620 CONTRACT Administration. The CONTRACTOR will designate a CONTRACT Administrator who shall have executive and administrative responsibility for performance of the CONTRACTOR's obligations under this CONTRACT. The CONTRACTOR shall not change this designation without prior written notice to the DEPARTMENT.

The DEPARTMENT will designate a CONTRACT Administrator, who shall have responsibility for performance of the BOARD's obligations under this CONTRACT. The DEPARTMENT shall not change the person designated without prior written notification to the CONTRACTOR.

50.630 Notices

Any notice required or permitted to be given to a party shall be in writing and addressed as follows:

To the DEPARTMENT:  
Director  
Disability Programs Bureau  
Post Office Box 7931  
Madison, Wisconsin 53707-7931

To the CONTRACTOR:  
  
Jay Menario, Managing Director  
CORE, INC., Workability Division  
75 Market Street  
Portland ME 04101-4075

With a copy to:

Christopher Burke, Sr. Acct. Exec.  
CORE, INC.  
200 Wheeler Street, 5<sup>th</sup> Flr  
Burlington MA 01803

Either party of this CONTRACT may change its addressee or address for the receipt of notices by notice given in accordance with this Section. For notices given by certified mail, return receipt requested shall be sufficient. Notices delivered by ordinary mail or in hand shall not be sufficient unless acknowledged in writing by the addressee.

- 50.640 Right to Suspend Operations. If, at any time during the CONTRACT, the BOARD determines that the best interest of the BOARD would be served by the CONTRACTOR's temporarily holding all or part of the ICI and LTDI (plans as referenced in Attachment A, B and C) payment for recipients, the CONTRACTOR will be furnished with a written notice of the determination. Upon receipt of such notice, the CONTRACTOR shall pend all transactions for the affected claims, thus ensuring that the recipient earnings file will not be updated with these pended claims for the period of time specified in the notice. The CONTRACTOR will produce a notice to claimants/members that provides an explanation of why no check was issued.



## 50.700 Duties of DEPARTMENT

50.710 General Duties. Primary and overall responsibility for administration of the ICI and LTDI plans rests with the DEPARTMENT and, in connection therewith, the DEPARTMENT will:

- Maintain an adequate administrative organizational structure of sufficient size, scope, and authority for CONTRACTOR to discharge its contractual responsibilities hereunder;
- Notify CONTRACTOR in writing of the individuals, together with their respective scope of authority, authorized to act on behalf of the DEPARTMENT;
- Provide overall management of the ICI and LTDI plans, including verification of CONTRACTOR adherence to contractual obligations and operating performance. Reports of performance evaluations will be furnished to CONTRACTOR for comment and statement of corrective action, if applicable;
- Timely issue written program policies, guidelines and standards which the CONTRACTOR requires to properly perform and fulfill its contractual obligations. CONTRACTOR may rely upon and shall conduct its contractual activities in accordance with said written policies, standards and guidelines. CONTRACTOR shall advise the DEPARTMENT of the manner by which the written program policies, standards, and guidelines will be implemented and applied;
- Establish and maintain liaison and cooperation with CONTRACTOR, including the provision of timely management decisions and timely approval, denial or modification of CONTRACTOR specifications, forms or procedures to enable CONTRACTOR to properly perform its contractual obligations. DEPARTMENT shall no less than monthly convene meetings with CONTRACTOR to discuss:
  - Changes in the ICI and LTDI Programs, which may affect CONTRACTOR's contractual obligations;
  - Program policies, standards and guidelines;
  - Any questions or material concerns either party may have with regard to its own or the others performance hereunder; and
  - Any other agenda item proposed by either party,
  - Review all reports and report media routinely prepared by CONTRACTOR or periodically requested by DEPARTMENT for proper format, scope and content, and notify CONTRACTOR of any errors, deficiencies, or concerns with respect to the scope or format of said reports or the content of said reports in the event errors in content are apparent on the face of said reports. With respect to reports routinely prepared by the CONTRACTOR, review and notice by DEPARTMENT shall be performed within three (3) working days from the date the reports are received by the DEPARTMENT. Monthly reports routinely provided by CONTRACTOR, or reports periodically requested by DEPARTMENT, shall be reviewed. In addition, a substantive review of each report and its internal and external consistency to verify validity, will be performed and written notification of any errors given to the CONTRACTOR within twenty-five (25) working days of receipt of each report.
  - Provide CONTRACTOR, or secure provision to CONTRACTOR by other appropriate parties, in a timely manner and in a form acceptable to CONTRACTOR, all data, information or other material, other than that data, information, and material CONTRACTOR is obligated to provide

pursuant to this CONTRACT as will enable CONTRACTOR to properly perform CONTRACTOR's obligations hereunder.

50.720 Employee Eligibility. The DEPARTMENT will:

- Establish the eligibility provisions for employees entitled to benefits under the ICI and LTDI Plans; and

50.730 EMPLOYER Eligibility. The DEPARTMENT will:

- Determine EMPLOYER eligibility to participate under the Wisconsin Retirement System (WRS) and provide the CONTRACTOR with a list of eligible EMPLOYERS and EMPLOYER contacts based on information in the DEPARTMENT's system;
- Determine EMPLOYER eligibility to participate in the Wisconsin Public Employers (Local) ICI Plan. Approve temporary waiver of the participation percentage requirement;
- Provide the CONTRACTOR with a list of eligible EMPLOYERS participating in the Wisconsin Public Employers (Local) ICI Plan; based on information in the DEPARTMENT's system;
- In consultation with the CONTRACTOR, identify the need for and scheduling of EMPLOYER benefit training workshops on ICI and LTDI benefits;
- Establish and maintain liaison and cooperation with the CONTRACTOR and EMPLOYERS; and
- Work with EMPLOYERS (State agencies and local EMPLOYER groups) to facilitate the data needed to establish and maintain the enrollment information.

50.800 Duties of CONTRACTOR

50.810 General CONTRACTOR Duties

The CONTRACTOR must meet all of the following responsibilities:

- Meet all the CONTRACTOR requirements in Sections 30, 40 and 50 of the RFP.
- Produce reports, as proposed or mutually agreed during the Implementation Phase, in a format mutually agreed to approved by the DEPARTMENT and CONTRACTOR;
- Respond to all inquiries from the DEPARTMENT involving any part of the ICI and LTDI plans;
- Maintain a complete audit trail;
- Purge and update files according to the DEPARTMENT guidelines provided to the CONTRACTOR and applicable State and Federal laws;
- Work cooperatively with DEPARTMENT personnel on budget and policy implementation;
- In conjunction with DEPARTMENT personnel, participate in Federal and State required audits and reviews such as legislative audits;

50.811 Negotiated Lump Sum Buy Outs

The CONTRACTOR will identify those ICI claims/cases which may be suitable for buy out. Guidelines and parameters used to identify such claims/cases will be established by the DEPARTMENT and provided to the CONTRACTOR. Buy outs will be offered on a strictly voluntary basis. The CONTRACTOR will identify claimants and submit to the DEPARTMENT for review and BOARD approval. Buy outs will be considered benefits under this CONTRACT.

50.820 Implementation. CONTRACTOR will work with the DEPARTMENT in developing the Implementation Plan. This plan will outline the major tasks for full contract operations.

50.830 Deliverables Submission and Liquidated Damages

During the Implementation Phase:

- The CONTRACTOR shall perform tasks and produce the required deliverables by the due dates specified in the approved Implementation Plan. Each deliverable shall be delivered to the DEPARTMENT's Contract Administrator.
- The DEPARTMENT's Contract Administrator shall give written notice to the CONTRACTOR of the DEPARTMENT's approval or disapproval, within the specified time frame after receipt of a deliverable. Notice of disapproval shall state the reasons for such disapproval and corrections required to qualify the deliverable for approval.
- The CONTRACTOR shall make the correction and resubmit the deliverable within the specified time frame.
- The DEPARTMENT's Contract Administrator shall give written notice to the CONTRACTOR of the DEPARTMENT's approval or disapproval of the resubmitted deliverable, within the specified time frame. The DEPARTMENT's Contract Administrator may determine that the original submission was effectively unreviewable and will so notify the CONTRACTOR in a written notice of disapproval.
- The CONTRACTOR may elect either of the following two (2) courses in the event the DEPARTMENT's Contract Administrator fails to respond to a Deliverable (i.e., to give notice of approval or disapproval as aforesaid) within the applicable time period:
  - Notify the Contract Administrator in writing that it intends to proceed with subsequent work unless the response is received by a date to be specified in such notice; or,
  - Notify the Contract Administrator in writing that a response is required, and that the CONTRACTOR intends to delay subsequent work unless the response is received by a date to be specified in such notice.
- By submitting a deliverable, the CONTRACTOR represents that to the best of its knowledge, it has performed the associated tasks in a manner which will, in conjunction with other tasks, meet the objectives stated or referred to in the CONTRACT. By approving a deliverable, the DEPARTMENT represents only that it has reviewed the deliverable and detected no errors or omissions of sufficient gravity to defeat or substantially threatens the attainment of those objectives and to warrant the withholding or denial of payment for the work completed. The DEPARTMENT's approval of a deliverable does not discharge any of the CONTRACTOR's other contractual obligations with respect to that deliverable, or to the quality, comprehensiveness, functionality, effectiveness, or approval of the system as a whole.

- In the event that the CONTRACTOR fails to meet the timeline for or submits an unacceptable or disapproved Implementation Phase deliverable, the DEPARTMENT may assess liquidated damages of \$500 per day until approved in writing for the late or unacceptable deliverable.

During the Operation Phase. The CONTRACTOR will submit all deliverables required under the RFP. CONTRACTOR will ensure that the deliverable is verified for accuracy prior to delivery to the DEPARTMENT. Damages will be assessed according to Section 50.931.

#### 50.840 Contract Performance Requirements

Minimum Project Management Reporting includes the following:

- There will be regular status meetings between the CONTRACTOR and the DEPARTMENT;
- At a minimum, the CONTRACTOR will be required to submit to the DEPARTMENT, on a monthly basis, written progress reports as defined by the DEPARTMENT.

50.841 Timeliness of Implementation. The CONTRACTOR will submit to the DEPARTMENT a status report on timeliness of implementation.

50.842 Federal and State Law. The CONTRACTOR must ensure that CONTRACTOR's professional and managerial staff maintain a working knowledge and understanding of all Federal and State laws, regulations and administrative code as well as contemplated changes in such law which affect the ICI and LTDI Plans and the performance of CONTRACTOR's contractual responsibilities. In the event CONTRACTOR, in its capacity as the contracted agent for the ICI and LTDI Plans, requires clarification or interpretation of Federal or State law, regulation or administrative code, the CONTRACTOR shall advise the DEPARTMENT, requesting clarification or interpretation in writing.

50.843 Fraud and Abuse. Commencing January 1, 2004, the CONTRACTOR will refer to the DEPARTMENT any suspected fraudulent or abusive practices by employers or employees the CONTRACTOR encounters in the performance of its contractual activities. The CONTRACTOR will produce, on a timely basis, reports, printouts and other documentation reflecting information or data processed by CONTRACTOR which is needed to investigate or document suspected instances of ICI and LTDI Plans fraud and abuse.

50.844 Inquiries and Requests. The CONTRACTOR will notify the DEPARTMENT in writing of all inquiries or requests by State or Federal legislators or their staff concerning CONTRACTOR's performance under this CONTRACT or the processing, payment or denial of claims prior to response to the legislator within two working days of receipt of the request.

50.845 Administrative Hearings. The CONTRACTOR, upon DEPARTMENT request, shall participate in all administrative hearings (appeals), as determined by the DEPARTMENT; said hearings shall be conducted in accordance with guidelines and rules and regulations promulgated by the DEPARTMENT. The CONTRACTOR shall

be responsible for any cost required for participation in the administrative hearings by CONTRACTOR staff and any approved subcontractors, including, but not limited to, time spent at the hearing and travel time to and from the hearing.

- 50.850 Plan Audits. The CONTRACTOR is required to submit to annual audits upon sixty (60) calendar day notice and according to audit guidelines established by the DEPARTMENT. The audits will be completed by the firm contracted by the DEPARTMENT to complete third party contract audits. The firm conducting the audit will complete the majority of the audit from the DEPARTMENT's site. Audit activities and requirements of CONTRACTOR staff will be during State business hours. Audit activities will be within reasonable levels such that CONTRACTOR will be able to continue normal business operations. CONTRACTOR may request and the DEPARTMENT must prior approve a pass-through cost for reimbursement for costs that may be in excess of contractual duties that are a result of the audit. These audits will be in addition to the Legislative Audit Bureau audits and periodic audits by DEPARTMENT staff. The audits by the third party contractor will be based upon DEPARTMENT specifications. The firm will deliver to the CONTRACTOR and to the DEPARTMENT a report of findings and recommendations within the guidelines established by the DEPARTMENT. The report will be prepared in accordance with generally accepted auditing standards. The DEPARTMENT will use the findings and recommendations of each such report as part of its ongoing ICI and LTDI monitoring process.

50.860 Maintenance of the ICI and LTDI Processing.

The CONTRACTOR is responsible for all maintenance and updates to procedures, processes and any systems maintenance of the ICI and LTDI plans.

50.870 Scheduling. The CONTRACTOR shall work cooperatively with the DEPARTMENT to schedule, prioritize, and implement changes, manual procedures and special reports. This scheduling and prioritizing, and implementation will include a mutually agreed upon process for approval by the DEPARTMENT.

50.880 Cost Allocation. The CONTRACTOR will assist the DEPARTMENT with its annual process of fully documenting and allocating costs by Plan types under the DEPARTMENT-defined Cost Allocation Plan. The CONTRACTOR's obligations will consist of providing a detailed annual report showing the number and costs of CONTRACTOR (and subcontractor, if any), personnel assigned to the ICI and LTDI Plans job descriptions, and all non-personnel costs including but not limited to CPU, equipment, office operations, travel, telephone, postage, facility costs, banking costs, audit, medical personnel, profit, indirect costs, etc.

50.900 Payments, Liquidated Damages, Incentives and Miscellaneous

50.910 Banking Arrangement. The CONTRACTOR will issue checks and Automated Clearinghouse payments based upon the segregated account maintained by the CONTRACTOR for the DEPARTMENT for ICI and LTDI plans.

The DEPARTMENT shall remit to the CONTRACTOR's bank via wire transfer or ACH for benefit payment funds for the ICI and LTDI plan (s), within two (2) business days of receipt of the written notification (benefit paid by claimant including taxes) from the CONTRACTOR verifying the amount due.

The CONTRACTOR shall provide the DEPARTMENT the cancelled checks, bank reconciliation, bank statements, report of voids and staledated checks and other documentation required to verify accounting of trust funds. Interest accumulating on any funds for the DEPARTMENT's account in the CONTRACTOR's bank shall be reported to the DEPARTMENT on a monthly basis.

50.920 Payment for CONTRACTOR Services. There is no implementation cost for this CONTRACT.

The fixed price for administration and operations paid by the BOARD will be:

\$ 2,435,806.00 for 1/1/04 - 12/31/04

\$ 2,545,415.00 for 1/1/05 - 12/31/05

\$ 2,659,962.00 for 1/1/06 - 12/31/06

Prices provided for 2005 and 2006 are subject to adjustment based upon permanent changes to the plan(s) administration requirements as a result of DEPARTMENT benefit payment systems operations, legislative changes to statutes, or number of ICI plan enrollees. Adjustments will be based on discussions and agreement between the DEPARTMENT and CONTRACTOR.

Payment will be made to the CONTRACTOR on a monthly basis. One-twelfth (1/12) of the total administration price per year will be paid by the Department by the 10th of the month after the close of the previous calendar month.

No service of CONTRACTOR's Proposal shall be charged separately from the fixed price with the following pass-through exceptions:

- Printing, storage and distribution of Plan forms ordered by WRS employers
- Functional Capacity Evaluations (FCE) as approved in advance by the DEPARTMENT
- Independent Medical Examinations/Evaluations (IME) as approved in advance by the DEPARTMENT
- Social Security Advocate/Facilitator as approved in advance by the DEPARTMENT
- Rehabilitation Services (Vocational Evaluations, Labor Market Survey, Job Placement, etc.) as approved in advance by the DEPARTMENT
- Other miscellaneous claim or other program-related services as approved in writing in advance by the DEPARTMENT
- Investigation services as approved by the DEPARTMENT
- Any expenses for actuarial and audit services requested by the DEPARTMENT and performed by a third party which are not otherwise required by the CONTRACT.

No coordination of these services may be charged as a pass-through.

No pass-through charges will be paid in advance.

50.921 Payment Methodology. By the tenth (10th) calendar day after the close of each calendar month during which this CONTRACT is in effect, the CONTRACTOR shall furnish to the DEPARTMENT a report that reflects:

- (a) Pass-through charges with accompanying documentation, plus
- (b) Any liquidated damages under 50.925 through 50.931.

Should the DEPARTMENT dispute either the amount of benefit payments or pass-through charges, or the validity of pass-through charges, such amounts will be withheld by the DEPARTMENT and the DEPARTMENT shall continue in accord with the above provisions in 50.921 of the CONTRACT.

50.922 Time of Payment. Any amount due CONTRACTOR for which a time for payment is not otherwise specified shall be due and payable within thirty (30) days after receipt by the DEPARTMENT of a complete and correct report of passthroughs.

50.923 Performance Review Standards and Liquidated Damages. The CONTRACTOR must, at all times, comply with all design, procedural and operational requirements specified in the ICI and LTDI Plans.

In addition, the CONTRACTOR must, at all times, operate in conformity with the policies and procedures of the ICI and LTDI Plans.

- Requirement Areas Subject to Performance Reviews: All requirements described in the RFP are subject to monitoring by the DEPARTMENT, or its designee. The DEPARTMENT reserves the right to monitor performance and may exercise such option at its discretion without notice. The results of the monitoring will be used to provide the basis for improved program operations and determine whether liquidated damages should be levied against the CONTRACTOR under the terms and conditions of the CONTRACT.
- Performance Standards, Measurement, and Liquidated Damages: Specific performance standards and an approach to routine measurement have been defined for those areas of significance to the DEPARTMENT in order to facilitate an efficient and straight forward performance evaluation.

50.924 Claims Processing Timeliness and Accuracy. The objective of this standard is to ensure that the CONTRACTOR provide prompt and accurate processing each component of ICI and LTDI claims and does not accumulate an excessive claims inventory of aged claims, or inappropriate payments. This also includes annual medical recertification as they impact on whether a claim remains payable.

If the CONTRACTOR is unable to adjudicate any claim because it lacks a policy determination or other information obtainable only from the DEPARTMENT, the CONTRACTOR will immediately notify the DEPARTMENT in writing and, if the DEPARTMENT fails to make such policy determinations, the CONTRACTOR will be relieved from the liquidated damages for that claim under this section.

The DEPARTMENT requires that claims, except those specifically exempted as described above, or those days where a claim is physically in the custody of the DEPARTMENT staff as determined by the DEPARTMENT, are to be processed within the following time limits by Plan types by steps:

- New claims initially processed within 10 days of receipt.
- Medical reports processed within 14 days of receipt of document or follow-up documents.
- Employer statements processed within 14 days of receipt including follow-up.
- Complete determination within 10 days of receipt of all eligibility and medical information.
- Compute benefits, including applicable offsets within 10 days of determination date.
- Recertification medical reports processed within 7 days of receipt including follow-ups.

The CONTRACTOR must ensure that all procedures, file updating and data entry quality is established and enforced to impose the maximum control relative to claims processing. The CONTRACTOR must ensure, through quality control and audits that 98% of all benefits/claims paid are accurate.

Measurement: The CONTRACTOR will provide a monthly report using Workflow Management reports or comparable reports (to accompany the monthly report required under 50.921) payment which will show the number of new claims initially processed, medical reports processed, employer statements processed, determinations made and computations completed by Plan type and medical recertification processed.



The CONTRACTOR will also provide a report to verify quality control audits of benefits/claims paid by plan type and the rate of accuracy.

Liquidated Damages: Administrative fees will be reduced by \$10 per day per each claims processing step and deducted from the next monthly payment report.

Administrative fees will be reduced by \$500 for each .05% under the standard for quality control.

- 50.925 Check Writing. The objective of this standard is to ensure that the CONTRACTOR meets the schedules for the out-of-cycle and monthly Check Writing which are part of the CONTRACT. The out-of-cycle and/or monthly checks must be dated with actual benefit payment due date. Automated Clearinghouse are not to be transferred more than one (1) days prior to the check date.

Measurement: The CONTRACTOR must complete and deliver the accurate checks to the Post Office at least two (2) days prior to the due date. The checks must have the correct date on them. Automated Clearinghouse transfers made no earlier than one day prior to the check date.

Liquidated Damages: Administrative fees will be reduced by \$10 per day per incident and deducted from the next monthly payment report.

50.926 Evidence of Insurability (EOI) Application Processing Standard

The objective of this standard is to ensure that the CONTRACTOR provides prompt and accurate underwriting of Evidence of Insurability (EOI) applications.

If the CONTRACTOR is unable to underwrite any EOI applications because it lacks medical information, the CONTRACTOR will immediately contact the health care providers to gather the information. At the time of contact, the CONTRACTOR will keep the applicant informed of all attempts to gather the additional information.

If the CONTRACTOR is unable to underwrite any EOI application because it lacks a policy determination or other information obtainable only from the DEPARTMENT, the CONTRACTOR will immediately notify the DEPARTMENT in writing and, if the DEPARTMENT fails to make such policy determinations, the CONTRACTOR will be relieved from liquidated damages for that EOI under this section.

The DEPARTMENT requires that EOI applications, except those specifically exempted as described above, or those days where an application is physically in the custody of the DEPARTMENT staff as determined by the DEPARTMENT are to be processed within the following time limits:

- a) 95% of all EOI applications will have a request for clinical information within 5 days of receipt;
- b) 98% of all EOI applications will have a decision to approve or reject within 30 days of receipt;
- c) 100% of all EOI decisions will be communicated to the applicant, employer and DEPARTMENT within four (4) days of the decision.

Measurement:

The CONTRACTOR will provide a monthly report (Evidence of Insurability Enrollment Statistics Report) to accompany the invoice for the monthly payment.

Liquidated Damages: Administrative fees will be reduced by \$500 for each ½% under the standard for quality control.

- 50.927 Written and Telephone Response Standard. The objective of this standard is to ensure that the CONTRACTOR provides excellent customer service through written and telephone response by responding to the DEPARTMENT employees, claimants, employers and employee representatives within a timely manner. This standard applies to written inquiries that require a written response and all telephone inquiries.

The CONTRACTOR is required to acknowledge all inquiries (telephone, FAX, email, regular mail) from DEPARTMENT employees within two (2) business days of receipt. When requested by the DEPARTMENT, the CONTRACTOR will provide a written response to the inquiry within five working days of receipt, unless otherwise directed by the DEPARTMENT. If additional information or time is needed by the CONTRACTOR to provide a complete response, it must be requested in advance of the due date and approved by the DEPARTMENT. DEPARTMENT inquiries and CONTRACTOR responses must be documented.

The CONTRACTOR is required to respond to 95% of written correspondence within 10 days of receipt of the inquiry from the employee, claimants, employer and/or the employee representative. If the CONTRACTOR responds by telephone to a written inquiry, the telephone responses must be documented.

The CONTRACTOR must respond to 95% of all telephone inquiries within one (1) business day.

The CONTRACTOR will refer all Office of the Commissioner of Insurance complaints to the DEPARTMENT within three (3) working days of receipt.

If the CONTRACTOR is unable to respond to a written inquiry because it lacks a policy determination or other information obtainable only from the DEPARTMENT, the CONTRACTOR will immediately notify the DEPARTMENT in writing and, if the DEPARTMENT fails to make such policy determinations, the CONTRACTOR will be relieved from liquidated damages under this section.

Measurement:

The CONTRACTOR will provide monthly reports (Report on Telephone Contacts by Plan and Report on Written Contacts by Plan) to accompany the invoice for the monthly payment.

Liquidated Damages:

Administrative fees will be reduced by \$500 for each .05% for each month under the written and telephone standard and deducted from the next monthly payment report.

- 50.928 Key Personnel. The personnel and commitments identified in the CONTRACTOR's Proposal will be considered essential to the work to be performed under the CONTRACT. Prior to diverting any of the specified individuals to other programs or changing the level of effort of the specified individuals, the CONTRACTOR will be required to submit justification, including proposed substitution, in sufficient detail, to permit evaluation of the impact on the ICI and LTDI Plans. No diversion will be made by the CONTRACTOR without prior written notification to the DEPARTMENT.

Replacement of any personnel will be with personnel of equal ability and qualifications as validated. In addition, whenever the CONTRACTOR initiates a mutually agreed upon transfer of personnel to another functional area, CONTRACTOR shall notify the DEPARTMENT in writing of the number, names, and anticipated duration of transfer so the DEPARTMENT can evaluate the impact on the ICI and LTDI Plans and other disability program functions.

Measurement: The DEPARTMENT may identify a situation where the CONTRACTOR has diverted or left vacant a key or systems staff position without the prior approval of the DEPARTMENT. DEPARTMENT staff will notify the CONTRACTOR in writing with regard to this non-compliance.

Liquidated Damages: Damages in the amount of \$10 per day per incident may be assessed after written notification by the DEPARTMENT, for each day a key position is vacant, until the key person returns or is replaced.

- 50.929 Turnover Plan and Turnover Task Standard. The objective of this standard is to ensure that the original Turnover Plan submitted by the CONTRACTOR is updated, and received by the DEPARTMENT by December 31, 2004.

- 50.930 Compliance with Other Material CONTRACT Provisions. The objective of this standard is to provide the DEPARTMENT with an administrative procedure to address general CONTRACT compliance issues which are not defined in the performance standards.

Measurement. The DEPARTMENT may identify any condition resulting from CONTRACTOR non-compliance with the CONTRACT through routine monitoring activities. DEPARTMENT staff will notify the DEPARTMENT's Plan Project Manager of the nature of the contractual non-compliance and recommend a reasonable period of time in which the CONTRACTOR should remedy the non-compliance.

The DEPARTMENT's Contract Administrator will notify the CONTRACTOR in writing of the CONTRACT non-compliance and designate a time for correction of the non-compliance.

Liquidated Damages: Damages in the amount of \$10 per day per incident may be assessed after the designated time for correction until the correction of the CONTRACT non-compliance.

- 50.931 ICI Enrollment Application Processing Standard

The objective of this standard is to ensure that the CONTRACTOR provides prompt and accurate processing of ICI enrollment application, other than EOI applications.

The DEPARTMENT requires that ICI enrollment applications, other than EOI applications, have the determination completed and if denied, a notice is sent to the EMPLOYER within 10 days of receipt of all information.

Measurement:

The CONTRACTOR will provide a monthly report (ICI Enrollment Statistics) to accompany the invoice for monthly payment.

Liquidated Damages:

Administrative fees will be reduced by \$10 per day per incident and deducted from the next monthly payment report.

50.932 Additional CONTRACTOR Performance Guarantees

The CONTRACTOR has provided for additional performance guarantees and measurements as described in Attachment D of the CONTRACT.

50.933 Request for Reconsideration Processing Standard

The objective of this standard is to ensure that the CONTRACTOR provides prompt processing of written requests for reconsideration for any ICI and LTDI benefit determinations.

The DEPARTMENT requires that the requests for reconsideration be reviewed and determination completed within 90 days from the date of receipt of the written (letter, e-mail or fax) request by the CONTRACTOR. If the CONTRACTOR is unable to process the request because it lacks a policy determination or other information obtainable only from the DEPARTMENT, the CONTRACTOR will immediately notify the DEPARTMENT in writing, and the days which it takes the DEPARTMENT to issue a response will not be counted toward the 90 day measurement.

Measurement:

The CONTRACTOR will provide a quarterly report (Appeals Listing) to the DEPARTMENT which indicates the date the benefit determination was issued, date the reconsideration request was received, claimant, SSN, type of request, date determination completed and notice sent to requestor and decision.

Liquidated Damages:

Administrative fees will be reduced by \$10 per day for each day a determination notice exceeds the 90 days.

50.940 Miscellaneous

The following Miscellaneous provisions and those described in Attachment E are included in this CONTRACT.

A. Performance Subject to Law.

All services under this CONTRACT shall be performed in accordance with the applicable Federal and State laws and regulations in effect at the time of performance, and this CONTRACT shall be subject to all such laws and regulations.

B. Delegation of Authority.

Whenever any contractual right, power or duty is imposed or conferred on the DEPARTMENT, the right, power or duty so imposed or conferred shall be possessed and exercised by the BOARD or as provided in Section 50.620 unless specifically delegated by the BOARD to the duly appointed agents or employees of the DEPARTMENT. Any such delegation of authority shall be reduced to writing by the DEPARTMENT and a copy thereof furnished to CONTRACTOR.

The CONTRACTOR is an Agent of and provides administrative services for the BOARD for the purposes of § 895.46 and 893.82 of the Wisconsin Statutes.

C. Documentation.

Notwithstanding any provision in this CONTRACT to the contrary, the standards, formats and forms for all documentation required of CONTRACTOR hereunder shall be mutually agreed upon by the DEPARTMENT and CONTRACTOR.

D. Approvals, Consents, Etc.

When agreement, approval, acceptance or consent by either party is required by any provision of this CONTRACT, such action shall not be unreasonably delayed or withheld.

E. Award of Related Contracts.

The DEPARTMENT may undertake or award supplemental contracts for work related to the Income Continuation Insurance, Long-Term Disability Insurance Plans, other disability related programs or any portion thereof. The CONTRACTOR shall be bound to cooperate fully with such other subcontractors and the DEPARTMENT in all such cases. All subcontractors will be required to abide by this provision as a condition of the CONTRACT between the subcontractor and prime CONTRACTOR.

F. Choice of Law.

The CONTRACTOR agrees to be bound by the laws of the State of Wisconsin and to bring any legal proceedings arising under the CONTRACT in a court of competent jurisdiction located in the State of Wisconsin. Venue shall be in Dane County Circuit Court. The parties waive any right to trial by jury.

G. Severability.

If any provision of the CONTRACT is found to be illegal, unenforceable, or void, then both parties shall be relieved of all obligations under that provision. The remainder of the CONTRACT shall be enforced to the fullest extent permitted by law.

H. Audit Requirements.

The CONTRACTOR, shall maintain books, records, documents, and other evidence pertaining to the administrative costs and expenses of the CONTRACT to the extent and in such detail as shall properly reflect all revenues; all net costs, direct and apportioned; and other costs and expenses, of whatever nature, which relate to performance of contractual duties under the provisions of the CONTRACT. The CONTRACTOR's accounting procedures and practices shall conform to generally accepted accounting principles, and the costs properly applicable to the CONTRACT shall be readily ascertainable therefrom.

The CONTRACTOR shall agree to the following terms for access to records relating to the CONTRACT:

- All claims adjudicated under the CONTRACT shall be retained for a minimum of two (2) years from date of payment or denial unless otherwise notified by the DEPARTMENT; paper and micromedia, if applicable, copies of all claims shall be retained for at least three (3) years from the date of expiration or termination of the CONTRACT; storage shall be in the State of Wisconsin throughout this period. After the minimum retention time, the CONTRACTOR will forward all claims information to the State of Wisconsin Records Center according to procedures established by the DEPARTMENT.
- Unless the DEPARTMENT specifies in writing a shorter period of time, the CONTRACTOR agrees to preserve and make available all of its other pertinent books, documents, papers, and records involving transactions related to the CONTRACT for a period of three (3) years from the date of expiration or termination of the CONTRACT.
- Records involving matters in litigation shall be kept for one (1) year following the termination of litigation, including all appeals if the litigation has not terminated within the three (3) years.

The CONTRACTOR shall agree that authorized State representatives, including, but not limited to, personnel of the DEPARTMENT, other State entities with statutory authority and, independent auditors acting on behalf of the DEPARTMENT shall have access to and the right to examine the items listed above during the CONTRACT period and during the three (3) year post CONTRACT period or until resolution. During the CONTRACT period, the access to these items will be in Wisconsin. During the three (3) year post-contract period, delivery of and access to the listed items will be at no cost to the DEPARTMENT.

CONTRACTOR will provide the DEPARTMENT with a study and evaluation of and testing of the effectiveness of the internal controls over its contract at least once per year. CONTRACTOR shall provide the DEPARTMENT with five copies of the auditor's report in this respect (also known as a "Third

Party Letter”) as soon as it becomes available. A report prepared by a service auditor pursuant to the Professional Standards of the American Institute of Certified Public Accounts, AU Section 324, Paragraph 0.41 through 0.56, will satisfy this requirement. AU Section 324 is entitled “reports on the Processing of Transactions by Service Organizations, and Paragraphs 0.41 through 0.56 set standards for “Reports on Controls in Operation and Tests Of Operating Effectiveness.” These standards are from Statement of Auditing Standards (SAS) Number 70, 78 and 88 (SAS #70 – “Reports on the Processing of Transactions by Service Organizations”, SAS 78 – “Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement of Auditing Standards #55, SAS 88 – “Service Organizations and Reporting on Consistency”) and are often called SAS #70 reports.”

M. Confidentiality. Refer to Attachment E

Each individual must sign the Agreement to Keep Information Confidential.

N. Disputes

Informal Resolution Process. The parties will attempt to settle any dispute or claim arising out of this CONTRACT through consultation and negotiation in good faith and a spirit of mutual cooperation. Specifically, in the event one Party notifies the other Party of a dispute or claim, the DEPARTMENT's Contract Administrator and CONTRACTOR's Contract Administrator immediately shall confer with each other to discuss and try and resolve the dispute or claim. Such discussions shall occur within 30 days after the notification by one Party to the other party of a dispute or claim.

Settlement Discussions Not Admissible. In order to foster frank and open discussion of possible resolutions to disputes as provided in the previous paragraph without potential prejudice to a party, the parties agree that none of the discussions, communications and documents created solely for the purpose of discussing a possible resolution of the dispute in the course of the dispute resolution process described above shall be admissible in any legal or administrative proceeding, for any purpose.

O. Hold Harmless

In the event that the BOARD or DEPARTMENT is made party to any legal proceeding as a result of CONTRACTOR's breach of this CONTRACT; negligence, intentional or willful misconduct; or fraud or criminal conduct; CONTRACTOR shall indemnify and hold harmless the BOARD or DEPARTMENT for all judgements, settlements, awards and costs (including attorney's fees) incurred by the BOARD or DEPARTMENT in such proceeding. As used herein “proceeding” is defined as any and all claims, complaints, appeals or disputes of any nature, in any form and filed or pursued in any legal or equitable forum whether brought on behalf of the BOARD or DEPARTMENT or any third party.

Neither Party shall be liable for any consequential damages, indirect, special or punitive damages even if the other party has been advised of the possibility of such damages except (i) in connection with breach of the confidentiality provisions set forth in this CONTRACT and (ii) to the extent any such damages are a part of an indemnified loss against which either party is entitled to be indemnified pursuant to the other provisions of this section.

Limits on CONTRACTOR'S Indemnification. (i) If as the result of any judgment, settlement, or award, it is determined that a claimant was entitled to benefits under the benefit plan and was wrongfully deprived of those benefits, in whole or part, due to the CONTRACTOR's acts or omissions, then the CONTRACTOR shall not be liable to indemnify the BOARD for the dollar amount of the previously unpaid benefits that should have been paid to the claimant but for the CONTRACTOR's erroneous act or omission and which are still payable to the claimant from the Public Employee Trust Fund under the terms and conditions of the benefit plan. The CONTRACTOR shall indemnify the BOARD, DEPARTMENT, Public Employee Trust Fund and State of Wisconsin for all other amounts, expressly including interest, if any, awarded on the previously unpaid benefits that become due and payable as the sole result of the CONTRACTOR's erroneous act of omission. In the event that those other amounts are awarded as a result of the CONTRACTOR's act or omission to act which the BOARD affirmatively approved, accepted or agreed-to, CONTRACTOR shall not indemnify the BOARD for such amounts. However, this paragraph shall only apply if the BOARD was a party to the proceedings resulting in the judgment, settlement or award. The CONTRACTOR shall have no implied authority to admit or agree, on behalf of the BOARD, that a claimant was eligible for benefits. (ii) If it is determined that a claimant was not entitled to benefits under the benefit plan in whole due to the CONTRACTOR's acts or omissions, then the CONTRACTOR shall be liable to indemnify the BOARD for the dollar amount of the benefits that should not have been paid to the CLAIMANT, except for those amounts which may be recovered from other Wisconsin Retirement System benefits under §40.08 (4), Wis. Stats.

P. Other

Refer to Attachment E.

The Parties to this CONTRACT agree to its provision recited herein and to the administration of the plans in attachments A, B and C and in accordance with attachments D and E according to the term of the CONTRACT in section 50.210.

Executed on behalf of the  
Wisconsin Group Insurance Board

Executed on behalf of  
CORE, INC.

---

Stephen H. Frankel, Chair

Jay Menario, Managing Director



\_\_\_\_\_  
Date \_\_\_\_\_

Date

\_\_\_\_\_  
Witnessed by \_\_\_\_\_

Witnessed by

## ATTACHMENT C

### STATE OF WISCONSIN LONG-TERM DISABILITY INSURANCE PLAN (LTDI)

The Long-Term Disability Insurance (LTDI) plan is administered according to § ETF 50, Wis. Admin. Code. A copy of the Plan, including definitions is attached.

## ATTACHMENT D

## ADDITIONAL CONTRACTOR PERFORMANCE GUARANTEES

CONTRACTOR will be assessed quarterly for all performance measures hereby contained in this document. Measurement will occur monthly. Standards are applied to average found by combining the three months in each quarter.

CONTRACTOR will provide any applicable supporting documentation used to calculate the quarterly performance measures as described in this document. (NOTE: this documentation will exclude individual audit information with uniquely identifiable employee information.)

In the event that the CONTRACTOR, is found to be default under more than one penalty for the same finding, within any single assessment period, the highest financial penalty shall apply. A total of 25% of fees are at risk.

### 1.1 Customer Service Representative (CSR) Audit

Standard to be met: CSR Audit results will meet or exceed 90%(all indicators, A. through F. will be met 90% or more of the time.)

Percentage of Administrative Fees at risk: 3.5%

Owner: CSR Team Leader and Manager of Quality Assurance

Description of Measure: This measure reflects CORE Customer Service Representatives' performance in managing and servicing Wisconsin claimants.

Indicators used to measure compliance:

- A.) Licensed Treating Professional Information is captured in the system.
- B.) Name and title of the caller is documented in the system.
- C.) The reason for the call is documented in the system.
- D.) Claim information is complete in the system.
- E.) Last day worked is captured in the system.
- F.) Initial call to servicing provider is made within 1 business day of claim initiation.

Sample size/Calculation: Customer Service case audits will be conducted on a monthly basis by the department of Service Resources and will be based on a combination of both open/approved and closed cases for the month prior. The sample will be taken by running a report out of the claims management software. The sample will be defined by using a statistically valid sample of claims as defined by Fortis Audit Services. This amount will be in total of both open and closed cases. The audits will be done using a tool developed by Core's Quality department. Results are based on the tabulation of a score divided by the total number possible. If an area is missed by the CORE employee, their total score versus the possible score is reduced. The results of the audit are tabulated and reported as an aggregate.

Source data: As described above, the source data comes from the claims management application, DRMS. A report will be run based on the time period specified; the month prior to that of the current month. The report will be run showing both closed claims and claims in all

statuses (two reports). After the generation of the report, names will be selected at random.

### 1.2 ICI/STD Registered Nurse (RN) Audits

Standard to be met: RN Audit results will meet or exceed 90%(all indicators below, A. through D. will be met 90% of the time.)

Percentage of Administrative Fees at risk: 3%

Owner: RN Team Leader and Manager of Quality Assurance

Description of Measure: This measure reflects CORE Registered Nurses' performance in managing and servicing STD claimants.

Indicators used to measure compliance:

- A.) Up to three attempts to reach the Licensed Treating Provider (LTP) or an APS is sent within five (5) business days.
- B.) Clinical information substantiated through the approved disability period.
- C.) Correct leave type is assigned to the claim.
- D.) All appropriate letters are sent.

Sample size/Calculation: Short Term Disability Registered Nurse case audits will be conducted on a monthly basis by the department of Service Resources and will be based on a combination of both open and closed cases for the month prior. The sample will be taken by running a report out of the claims management software. The sample will be defined by using a statistically valid sample of claims as defined by Fortis Audit Services. The audits will be done using a tool developed by CORE's Quality department. Results are based on the tabulation of a score divided by the total number possible. If an area is missed by the CORE employee, their total score versus the possible score is reduced. The results of the audit are tabulated and reported as an aggregate.

Source data: As described above, the source data comes from the claims management application, DRMS. A report will be run based on the time period specified; the month prior to that of the current month. The report will be run showing both closed claims and claims in all statuses (two reports). After the generation of the report, names will be selected at random

### 1.3 ICI LTD Registered Nurse (RN) Audit

Standard to be met: RN Audit results will meet or exceed 90%( all indicators, A. through E. below will be met 90% of the time.)

Percentage of Administrative Fees at risk: 3%

Owner: RN Team Leader and Manager of Quality Assurance

Description of Measure: This measure reflects CORE Registered Nurses' performance in managing and servicing LTD claimants.

Indicators used to measure compliance:

- A.) Documents used in decision making are referenced.
- B.) Clinical information substantiated through the approved disability period.
- C.) Employee is notified if a denial is made.
- D.) Claim is reviewed a minimum of six months for the first two years and annually thereafter or as clinically appropriate.
- E.) Claim is reviewed for rehabilitative potential

Sample size/Calculation: Long Term Disability Registered Nurse case audits will be conducted on a monthly basis by the department of Service Resources and will be based on a combination of both open and closed cases for the month prior. The sample will be taken by running a report out of the claims management software. The sample will be defined by using a statistically valid sample of claims as defined by Fortis Audit Services. The audits will be done using a tool developed by Core's Quality department. Results are based on the tabulation of a score divided by the total number possible. If an area is missed by the CORE employee, their total score versus the possible score is reduced. The results of the audit are tabulated and reported as an aggregate.

Source data: As described above, the source data comes from the claims management application, DRMS. A report will be run based on the time period specified; the month prior to that of the current month. The report will be run showing both closed claims and claims in all statuses (two reports). After the generation of the report, names will be selected at random

## 2.1 Payment Accuracy Audit

Standard to be met: Audit results will meet or exceed 95%

Percentage of Administrative Fees at risk: 4%

Owner: Senior Claims Analyst

Description of Measure: This measure reflects CORE's overall accuracy in the processing of LTD payments to ETF beneficiaries.

Sample of the indicators used to measure accuracy:

- A.) Employee address information is complete.
- B.) Payment dates are correct.
- C.) Offset calculation information is complete and concise.
- D.) Tax coding is done appropriately.
- E.) Payment amounts are correct.

A comparison of various databases is done to confirm that information in ALL systems is correct.

Sample size/Calculation: On a monthly basis, a representative from DRMS performs a post-payment audit. Claims are selected randomly from all claims that were paid during the previous month. The sample will be defined by using a statistically valid sample of claims as defined by Fortis Audit Services. Within this sample, there will be one third new claims, one third high dollar claims, and one third random claims. Any claims identified to have errors that impact accuracy or timeliness of payment are counted as defects. The total number of defects is divided by the total number claims audited to determine the audit score. This measure records overall for ICI, LTD and LTDI payments to ETF claimants.

Source data: Access Claims Payment System, ADP, and WorkAbility.

### 3.1 CSR Silent Monitoring Audit

Standard to be met: Silent monitoring audit results will meet or exceed 95%.

Percentage of Administrative Fees at risk: 2.0%

Owner: CSR Team Leaders

Description of Measure: This measure is used to ensure that CORE employees are polite, accurate and professional when interacting with ETF participants.

Indicators used to measure performance are:

- A.) Proper greeting.
- B.) Transfers calls according to ETF workflow.
- C.) Answers questions correctly
- D.) Asks if the caller has any other questions.
- E.) Professional, friendly and confident tone.
- F.) Thanks the caller.

Sample size/Calculation: The number of silent monitoring audits that will take place is based on the total number of answered calls to the call center. The sample size will be defined by using a statistically valid sample of claims as defined by FORTIS Audit Services. The sample is taken of total calls from previous month. Audited calls will be either live or recorded. Results are based on the tabulation of a score divided by the total number possible. If the CORE employee misses an area, their total score versus the possible score is reduced. The audits will be done using a tool developed by Core's Quality department. The results of the audit are tabulated and reported as an aggregate.

Source data: A department of Service Resources employee will access CORE's ACD machine (which counts all incoming phone calls from Wisconsin's dedicated 800 number) to obtain the number of calls for any given month. As calls are "real time" or random recordings the number of monitored calls will be based on last months figures. For example, an audit done in March for March, will be based on February's call volume.

### 3.2 RN Silent Monitoring Audit

Standard to be met: Silent monitoring audit results will meet or exceed 95%.(all indicators A. through G., will be met 95% of the time.)

Percentage of Administrative Fees at risk: 2.0%

Owner: RN Team Leaders

Description of Measure: This measure is used to ensure that CORE employees are polite, accurate and professional when interacting with ETF participants.

Indicators used to measure performance are:

- A.) Professional tone.
- B.) Uses name or title in greeting.
- C.) Offers an Attending Provider Statement if information not obtained over the telephone.
- D.) Explains policy regarding accommodation
- E.) Confirms case status/follow-up information needed.
- F.) Says "Thank you".
- G.) Call is focused and efficient.

Sample size/Calculation: The number of silent monitoring audits that will take place is based on the total number of answered calls to the call center. This number of audits is based on CORE's recommendation of 1.5% of all calls from the previous month. Audited calls will be either live or recorded. Results are based on the tabulation of a score divided by the total number possible. If an area is missed by the CORE employee, their total score versus the possible score is reduced. The audits will be done using a tool developed by Core's Quality department. The results of the audit are tabulated and reported as an aggregate.

Source data: A department of Service Resources employee will access CORE's ACD machine (which counts all incoming phone calls) to obtain the number of calls for any given month. As calls are "real time" the number of monitored calls will be based on last month's figures. For example, an audit done in March for March, will be based on February's call volume

### 3.3 Abandonment Rate

Standard to be met: The number of abandoned calls shall be less than 5% of total calls

Percentage of Administrative Fees at risk: 2.0%

Owner: Customer Service Manager

Description of Measure: This measure is used as an indication of the satisfaction of callers with their offered 'wait times' when contacting CORE. This rate reflects the percentage of callers who disconnect before the call is answered.

Sample size/Calculation: Statistics are gathered and reported via the telephone system at CORE. The abandonment rate is calculated [by the CORE phone system] by dividing the number of calls abandoned by the total number of calls received by the CORE automatic call distribution [ACD] system.

This value does not include any calls received by the customer service representatives at their direct phone numbers [i.e. outside of the ACD system]. Therefore, that data is not included in this measure.

Source data: ACD phone system for Wisconsin dedicated 800 number at CORE.

### 3.4 Service Level

Standard to be met: The amount of calls answered within 30 seconds will meet or exceed 85% by a Customer Service Representative following the menu selection.

Percentage of Administrative Fees at risk: 1.5%

Owner: Customer Service Manager

Description of Measure: This measure is used as an indication of how quickly a telephone call is answered when received via the CORE ACD phone system. Further, this standard reflects consistency in CORE's performance of the speed to answer remaining less than 30 seconds.

Sample size/Calculation: This result is calculated by the phone system measuring the speed of answer on each call received by the CORE ACD phone system during regular business hours, and dividing the number of calls answered within 30 seconds by the total number of calls received during regular business hours.

Source data: ACD phone system data at CORE- Wisconsin dedicated 800 number. Information is migrated on a daily basis into an Access database to allow for more easily interpreted presentation.

Penalty exception: This measure does not include any calls received by the Customer Service Representatives, Team leaders, Account Representatives, or Account Management team members at their direct phone numbers [i.e. outside of the ACD system].

#### 4.1 Claim Adjudication Turn Around Time

Standard to be met: Measures are being developed so that CORE and ETF can track Turn around time for claims adjudication- with specific emphasis on action that occurs after necessary documentation and other requirements (i.e., elimination period) have been secured that ultimately lead to claim payment without unnecessary delays within workflow. Details will be final before the end of February 2003. Measurement is being developed and customized for the State of Wisconsin ETF contract.

Percentage of Administrative Fees at risk: 4%

Owner: Account Manager

Description of Measure: There will be 3 sections:

- Clinical Info present to initiate the payment phase
- Financial Documentation present to set up the payment amount and schedule
- Financial accuracy

Sample size/Calculation: Claims adjudication case audits will be conducted on a monthly basis by the department of Service Resources and will be based on a combination of both open/approved and closed cases for the prior month. The sample will be taken by running a report out of the claims management software. The sample will be defined by Fortis Audit Services. The audits will be done using a tool developed by CORE's Quality department. Results are based on the tabulation of a total score divided by the total number possible. If an area is missed by the CORE employee, their total score versus the possible score is reduced. The results of the audit are tabulated and reported as an aggregate.

Source data: DRMS payment engine and system.

## Attachment E



## DOA-3054 (01/01) and DOA-3681 (01/01) ETC0012

### Standard Terms and Conditions (RFP/RFP) – DOA-3054 (01/01)

- 1.0 SPECIFICATIONS:** The specifications in this request are the minimum acceptable. When specific manufacturer and model numbers are used, they are to establish a design, type of construction, quality, functional capability and/or performance level desired. When alternates are bid/proposed, they must be identified by manufacturer, stock number, and such other information necessary to establish equivalency. The State of Wisconsin shall be the sole judge of equivalency. Bidders/proposers are cautioned to avoid bidding alternates to the specifications, which may result in rejection of their bid/proposal.
- 2.0 DEVIATIONS AND EXCEPTIONS:** Deviations and exceptions from original text, terms, conditions, or specifications shall be described fully, on the bidder's/proposer's letterhead, signed, and attached to the request. In the absence of such statement, the bid/proposal shall be accepted as in strict compliance with all terms, conditions, and specifications and the bidders/proposers shall be held liable.
- 3.0 QUALITY:** Unless otherwise indicated in the request, all material shall be first quality. Items, which are used, demonstrators, obsolete, seconds, or which have been discontinued are unacceptable without prior written approval by the State of Wisconsin.
- 4.0 QUANTITIES:** The quantities shown on this request are based on estimated needs. The state reserves the right to increase or decrease quantities to meet actual needs.
- 5.0 DELIVERY:** Deliveries shall be F.O.B. destination freight prepaid and included unless otherwise specified.
- 6.0 PRICING AND DISCOUNT:** The State of Wisconsin qualifies for governmental discounts and its educational institutions also qualify for educational discounts. Unit prices shall reflect these discounts.
  - 6.1** Unit prices shown on the bid/proposal or contract shall be the price per unit of sale (e.g., gal., cs., doz., ea.) as stated on the request or contract. For any given item, the quantity multiplied by the unit price shall establish the extended price, the unit price shall govern in the bid/proposal evaluation and contract administration.
  - 6.2** Prices established in continuing agreements and term contracts may be lowered due to general market conditions, but prices shall not be subject to increase for ninety (90) calendar days from the date of award. Any increase proposed shall be submitted to the contracting agency thirty (30) calendar days before the proposed effective date of the price increase, and shall be limited to fully documented cost increases to the contractor which are demonstrated to be industry-wide. The conditions under which price increases may be granted shall be expressed in bid/proposal documents and contracts or agreements.
  - 6.3** In determination of award, discounts for early payment will only be considered when all other conditions are equal and when payment terms allow at least fifteen (15) days, providing the discount terms are deemed favorable. All payment terms must allow the option of net thirty (30).

**7.0 UNFAIR SALES ACT:** Prices quoted to the State of Wisconsin are not governed by the Unfair Sales Act.

**8.0 ACCEPTANCE-REJECTION:** The State of Wisconsin reserves the right to accept or reject any or all bids/proposals, to waive any technicality in any bid/proposal submitted, and to accept any part of a bid/proposal as deemed to be in the best interests of the State of Wisconsin.

Bids/proposals MUST be date and time stamped by the soliciting purchasing office on or before the date and time that the bid/proposal is due. Bids/proposals date and time stamped in another office will be rejected. Receipt of a bid/proposal by the mail system does not constitute receipt of a bid/proposal by the purchasing office.

**9.0 METHOD OF AWARD:** Award shall be made to the lowest responsible, responsive bidder unless otherwise specified.

**10.0 ORDERING:** Purchase orders or releases via purchasing cards shall be placed directly to the contractor by an authorized agency. No other purchase orders are authorized.

**11.0 PAYMENT TERMS AND INVOICING:** The State of Wisconsin normally will pay properly submitted vendor invoices within thirty (30) days of receipt providing goods and/or services have been delivered, installed (if required), and accepted as specified.

Invoices presented for payment must be submitted in accordance with instructions contained on the purchase order including reference to purchase order number and submittal to the correct address for processing.

A good faith dispute creates an exception to prompt payment.

**12.0 TAXES:** The State of Wisconsin and its agencies are exempt from payment of all federal tax and Wisconsin state and local taxes on its purchases except Wisconsin excise taxes as described below.

The State of Wisconsin, including all its agencies, is required to pay the Wisconsin excise or occupation tax on its purchase of beer, liquor, wine, cigarettes, tobacco products, motor vehicle fuel and general aviation fuel. However, it is exempt from payment of Wisconsin sales or use tax on its purchases. The State of Wisconsin may be subject to other states' taxes on its purchases in that state depending on the laws of that state. Contractors performing construction activities are required to pay state use tax on the cost of materials.

**13.0 GUARANTEED DELIVERY:** Failure of the contractor to adhere to delivery schedules as specified or to promptly replace rejected materials shall render the contractor liable for all costs in excess of the contract price when alternate procurement is necessary. Excess costs shall include the administrative costs.

**14.0 ENTIRE AGREEMENT:** These Standard Terms and Conditions shall apply to any contract or order awarded as a result of this request except where special requirements are stated elsewhere in the request; in such cases, the special requirements shall apply. Further, the written contract and/or order with referenced parts and attachments shall constitute the entire agreement and no other terms and conditions in any document,

acceptance, or acknowledgment shall be effective or binding unless expressly agreed to in writing by the contracting authority.

- 15.0 APPLICABLE LAW:** This contract shall be governed under the laws of the State of Wisconsin. The contractor shall at all times comply with and observe all federal and state laws, local laws, ordinances, and regulations which are in effect during the period of this contract and which in any manner affect the work or its conduct. The State of Wisconsin reserves the right to cancel any contract with a federally debarred contractor or a contractor which is presently identified on the list of parties excluded from federal procurement and non-procurement contracts.
- 16.0 ANTITRUST ASSIGNMENT:** The contractor and the State of Wisconsin recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the State of Wisconsin (purchaser). Therefore, the contractor hereby assigns to the State of Wisconsin any and all claims for such overcharges as to goods, materials or services purchased in connection with this contract.
- 17.0 ASSIGNMENT:** No right or duty in whole or in part of the contractor under this contract may be assigned or dele-gated without the prior written consent of the State of Wisconsin.
- 18.0 WORK CENTER CRITERIA:** A work center must be certified under s. 16.752, Wis. Stats., and must ensure that when engaged in the production of materials, supplies or equipment or the performance of contractual services, not less than seventy-five percent (75%) of the total hours of direct labor are performed by severely handicapped individuals.
- 19.0 NONDISCRIMINATION / AFFIRMATIVE ACTION:** In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in s. 51.01(5), Wis. Stats., sexual orientation as defined in s. 111.32(13m), Wis. Stats., or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Except with respect to sexual orientation, the contractor further agrees to take affirmative action to ensure equal employment opportunities.
- 19.1** Contracts estimated to be over twenty-five thousand dollars (\$25,000) require the submission of a written affirmative action plan by the contractor. An exemption occurs from this requirement if the contractor has a workforce of less than twenty-five (25) employees. Within fifteen (15) working days after the contract is awarded, the contractor must submit the plan to the contracting state agency for approval. Instructions on preparing the plan and technical assistance regarding this clause are available from the contracting state agency.
- 19.2** The contractor agrees to post in conspicuous places, available for employees and applicants for employment, a notice to be provided by the contracting state agency that sets forth the provisions of the State of Wisconsin's nondiscrimination law.
- 19.3** Failure to comply with the conditions of this clause may result in the contractor's becoming declared an "ineligible" contractor, termination of the contract, or withholding of payment.

**20.0 PATENT INFRINGEMENT:** The contractor selling to the State of Wisconsin the articles described herein guarantees the articles were manufactured or produced in accordance with applicable federal labor laws. Further, that the sale or use of the articles described herein will not infringe any United States patent. The contractor covenants that it will at its own expense defend every suit which shall be brought against the State of Wisconsin (provided that such contractor is promptly notified of such suit, and all papers therein are delivered to it) for any alleged infringement of any patent by reason of the sale or use of such articles, and agrees that it will pay all costs, damages, and profits recoverable in any such suit.

**21.0 SAFETY REQUIREMENTS:** All materials, equipment, and supplies provided to the State of Wisconsin must comply fully with all safety requirements as set forth by the Wisconsin Administrative Code, the Rules of the Industrial Commission on Safety, and all applicable OSHA Standards.

**22.0 WARRANTY:** Unless otherwise specifically stated by the bidder/proposer, equipment purchased as a result of this request shall be warranted against defects by the bidder/proposer for one (1) year from date of receipt. The equipment manufacturer's standard warranty shall apply as a minimum and must be honored by the contractor.

**23.0 INSURANCE RESPONSIBILITY:** The contractor performing services for the State of Wisconsin shall:

**23.1** Maintain worker's compensation insurance as required by Wisconsin Statutes, for all employees engaged in the work.

**23.2** Maintain commercial liability, bodily injury and property damage insurance against any claim(s), which might occur in carrying out this agreement/contract. Minimum coverage shall be one million dollars (\$1,000,000) liability for bodily injury and property damage including products liability and completed operations. Provide motor vehicle insurance for all owned, non-owned and hired vehicles that are used in carrying out this contract. Minimum coverage shall be one million dollars (\$1,000,000) per occurrence combined single limit for automobile liability and property damage.

**23.3** The state reserves the right to require higher or lower limits where warranted.

**24.0 CANCELLATION:** The State of Wisconsin reserves the right to cancel any contract in whole or in part without penalty due to nonappropriation of funds or for failure of the contractor to comply with terms, conditions, and specifications of this contract.

**25.0 VENDOR TAX DELINQUENCY:** Vendors who have a delinquent Wisconsin tax liability may have their payments offset by the State of Wisconsin.

**26.0 PUBLIC RECORDS ACCESS:** It is the intention of the state to maintain an open and public process in the solicitation, submission, review, and approval of procurement activities.

Bid/proposal openings are public unless otherwise specified. Records may not be available for public inspection prior to issuance of the notice of intent to award or the award of the contract.

**27.0 PROPRIETARY INFORMATION:** Any restrictions on the use of data contained within a request, must be clearly stated in the bid/proposal itself. Proprietary information submitted in response to a request will be handled in accordance with applicable State of Wisconsin procurement regulations and the Wisconsin public records law. Proprietary restrictions normally are not accepted. However, when accepted, it is the vendor's responsibility to defend the determination in the event of an appeal or litigation.

**27.1** Data contained in a bid/proposal, all documentation provided therein, and innovations developed as a result of the contracted commodities or services cannot be copyrighted or patented. All data, documentation, and innovations become the property of the State of Wisconsin.

**27.2** Any material submitted by the vendor in response to this request that the vendor considers confidential and proprietary information and which qualifies as a trade secret, as provided in s. 19.36(5), Wis. Stats., or material which can be kept confidential under the Wisconsin public records law, must be identified on a Designation of Confidential and Proprietary Information form (DOA-3027). Bidders/proposers may request the form if it is not part of the Request for Bid/Request for Proposal package. Bid/proposal prices cannot be held confidential.

**28.0 DISCLOSURE:** If a state public official (s. 19.42, Wis. Stats.), a member of a state public official's immediate family, or any organization in which a state public official or a member of the official's immediate family owns or controls a ten percent (10%) interest, is a party to this agreement, and if this agreement involves payment of more than three thousand dollars (\$3,000) within a twelve (12) month period, this contract is voidable by the state unless appropriate disclosure is made according to s. 19.45(6), Wis. Stats., before signing the contract. Disclosure must be made to the State of Wisconsin Ethics Board, 44 East Mifflin Street, Suite 601, Madison, Wisconsin 53703 (Telephone 608-266-8123).

State classified and former employees and certain University of Wisconsin faculty/staff are subject to separate disclosure requirements, s. 16.417, Wis. Stats.

**29.0 RECYCLED MATERIALS:** The State of Wisconsin is required to purchase products incorporating recycled materials whenever technically and economically feasible. Bidders are encouraged to bid products with recycled content which meet specifications.

**30.0 MATERIAL SAFETY DATA SHEET:** If any item(s) on an order(s) resulting from this award(s) is a hazardous chemical, as defined under 29CFR 1910.1200, provide one (1) copy of a Material Safety Data Sheet for each item with the shipped container(s) and one (1) copy with the invoice(s).

**31.0 PROMOTIONAL ADVERTISING / NEWS RELEASES:** Reference to or use of the State of Wisconsin, any of its departments, agencies or other subunits, or any state official or employee for commercial promotion is prohibited. News releases pertaining to this procurement shall not be made without prior approval of the State of Wisconsin. Release of broadcast Emails pertaining to this procurement shall not be made without prior written authorization of the contracting agency.

**32.0 HOLD HARMLESS:** Refer to section 50.940, item O.

**33.0 FOREIGN CORPORATION:** A foreign corporation (any corporation other than a Wisconsin corporation) which becomes a party to this Agreement is required to conform to all the requirements of Chapter 180, Wis. Stats., relating to a foreign corporation and must possess a certificate of authority from the Wisconsin Department of Financial Institutions, unless the corporation is transacting business in interstate commerce or is otherwise exempt from the requirement of obtaining a certificate of authority. Any foreign corporation which desires to apply for a certificate of authority should contact the Department of Financial Institutions, Division of Corporation, P. O. Box 7846, Madison, WI 53707-7846; telephone (608) 266-3590.

**Supplemental Standard Terms and Conditions – DOA-3681 (01/01)**

**1.0 ACCEPTANCE OF BID/PROPOSAL CONTENT:** The contents of the bid/proposal of the successful contractor will become contractual obligations if procurement action ensues.

**2.0 CERTIFICATION OF INDEPENDENT PRICE DETERMINATION:** By signing this bid/proposal, the bidder/proposer certifies, and in the case of a joint bid/proposal, each party thereto certifies as to its own organization, that in connection with this procurement:

- 2.1** The prices in this bid/proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other bidder/proposer or with any competitor;
- 2.2** Unless otherwise required by law, the prices which have been quoted in this bid/proposal have not been knowingly disclosed by the bidder/proposer and will not knowingly be disclosed by the bidder/proposer prior to opening in the case of an advertised procurement or prior to award in the case of a negotiated procurement, directly or indirectly to any other bidder/proposer or to any competitor; and
- 2.3** No attempt has been made or will be made by the bidder/proposer to induce any other person or firm to submit or not to submit a bid/proposal for the purpose of restricting competition.
- 2.4** Each person signing this bid/proposal certifies that: He/she is the person in the bidder's/proposer's organization responsible within that organization for the decision as to the prices being offered herein and that he/she has not participated, and will not participate, in any action contrary to 2.1 through 2.3 above; (or)

He/she is not the person in the bidder's/proposer's organization responsible within that organization for the decision as to the prices being offered herein, but that he/she has been authorized in writing to act as agent for the persons responsible for such decisions in certifying that such persons have not participated, and will not participate in any action contrary to 2.1 through 2.3 above, and as their agent does hereby so certify; and he/she has not participated, and will not participate, in any action contrary to 2.1 through 2.3 above.

### **3.0 DISCLOSURE OF INDEPENDENCE AND RELATIONSHIP:**

**3.1** Prior to award of any contract, a potential contractor shall certify in writing to the procuring agency that no relationship exists between the potential contractor and the procuring or contracting agency that interferes with fair competition or is a conflict of interest, and no relationship exists between the contractor and another person or organization that constitutes a conflict of interest with respect to a state contract. The Department of Administration may waive this provision, in writing, if those activities of the potential contractor will not be adverse to the interests of the state.

**3.2** Contractors shall agree as part of the contract for services that during performance of the contract, the contractor will neither provide contractual services nor enter into any agreement to provide services to a person or organization that is regulated or funded by the contracting agency or has interests that are adverse to the contracting agency. The Department of Administration may waive this provision, in writing, if those activities of the contractor will not be adverse to the interests of the state.

**4.0 DUAL EMPLOYMENT:** Section 16.417, Wis. Stats., prohibits an individual who is a State of Wisconsin employee or who is retained as a contractor full-time by a State of Wisconsin agency from being retained as a contractor by the same or another State of Wisconsin agency where the individual receives more than \$12,000 as compensation for the individual's services during the same year. This prohibition does not apply to individuals who have full-time appointments for less than twelve (12) months during any period of time that is not included in the appointment. It does not include corporations or partnerships.

**5.0 EMPLOYMENT:** The contractor will not engage the services of any person or persons now employed by the State of Wisconsin, including any department, commission or board thereof, to provide services relating to this agreement without the written consent of the employing agency of such person or persons and of the contracting agency.

**6.0 CONFLICT OF INTEREST:** Private and non-profit corporations are bound by ss. 180.0831, 180.1911(1), and 181.0831 Wis. Stats., regarding conflicts of interests by directors in the conduct of state contracts.

**7.0 RECORDKEEPING AND RECORD RETENTION:** The contractor shall establish and maintain adequate records of all expenditures incurred under the contract. All records must be kept in accordance with generally accepted accounting procedures. All procedures must be in accordance with federal, state and local ordinances.

The contracting agency shall have the right to audit, review, examine, copy, and transcribe any pertinent records or documents relating to any contract resulting from this bid/proposal held by the contractor. The contractor will retain all documents applicable to the contract for a period of not less than three (3) years after final payment is made.

**8.0 INDEPENDENT CAPACITY OF CONTRACTOR:** The parties hereto agree that the contractor, its officers, agents, and employees, in the performance of this agreement shall act in the capacity of an independent contractor and not as an officer, employee, or agent of the state. The contractor agrees to take such steps as may be necessary to ensure that each subcontractor of the contractor will be deemed to be an independent contractor and will not be considered or permitted to be an agent, servant, joint venturer, or partner of the state.